

EXHIBIT

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From: Drew Niv <dniv@fxcm.com> on behalf of Drew Niv
Sent: Monday, October 31, 2011 09:49 PM
To: John Dittami; William Ahdout
Cc: 'Chris Meyer'; James Bradley
Subject: RE: Good day, a treat for your halloween

congrats on P/L. very cool. would love to hear about arb strats, would love to see them implemented even more:) sorry couldnt resist that

From: John Dittami
Sent: Monday, October 31, 2011 9:46 PM
To: Drew Niv; William Ahdout
Cc: 'Chris Meyer'; James Bradley
Subject: Good day, a treat for your halloween

BOJ brought some intervention tricks for your Halloween and a treat for us all.

Just wanted to give you a heads up, we ended first day of the week up 540k.
490k of that was some combination of all retail venues, spread out on our spread tighten insurance stream, core retail, himawari, and 2nd Tier stream.
The remaining 50k was profits made on external venues.

This was thanks to the Jpy intervention and continued volatility thru the day. It was also thanks to some pretty aggressive risk settings which we were fortunate to go into the event on. We effectively had a portfolio set up to take excess liquidity and work and or take it our opportunistically in external venues (with market views on order book skew). This allowed us to suck up a lot of size.

It was far from the smoothest evening we've ever had, but we were able to trade thru some daunting issues including, triana delay of 2 hours, Citibank delay of 2 hours and issues due to new release of click, multiple invalid quotes from inverts in the interbank.. excessive spreads\volatility.. and large single tick moves, plus we had just put in a serious release on Sunday which had a couple buggy issues. Nonetheless, all in all , trading desk and technology did a great job keeping us in the game. I'm recognizing James in particular for without him burning midnight oil towards a 24 hour day and staying on line with us to support issue after issue with on the fly tools, we wouldn't have been able to keep the trading risk dial turned up on full.

Our new release was round 1 prepping for using new faster servers, and separating retail servers from external venue trading, in the spirit of being effective in trading more competitively in the high frequency space.
The fast servers running independently, and running collocated to external venues, will allow us to hedge more efficiently and exploit advantages more efficiently.

The high frequency trades we are looking at are quite frankly fun stuff, if you are interested in us reviewing some with you, let me know and I'll have Darshan\Bill put together examples of some trades as fyi.

You should be aware the a couple banks last night made some very bad pricing calls, and they got lucky with how they skewed side wise but I'm guessing it was a painful night for them. We see this cause our protections were kicking on left and right to keep us out of some pretty nasty moves. We noticed spreads widen out in USDJPY particularly today by provider who was fixed .4 pips, and also widen in EURUSD. All the pairs however have benefited that as increased spread competition has arrived, other providers have also tightened up (likely noticing their volumes drop off a cliff, and probably feeling heat of increased competition across all their pricing venues so taking it as global event not just an FXCM venue event). The good news from this is that even if the tightest provider blows out, other providers have started to shrink inward and closer together. Customers will benefit from having multiple tight spread providers

clustered close versus having single outliers in terms of trading experience, and in terms of better longevity\sustainability of said spreads.

Thanks,
John

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